

Please submit the following and share my testimony with the committee members and note it in the minutes of the hearing to held Tuesday October 1, 2013. Thank you.

The House Energy and Technology committee is hearing testimony on Energy Efficiency Standards for our state. Without a doubt Michigan has wasted energy that could be saved. Although there have been tax incentives to individual home owners to update the energy efficiency of their homes, realistically we have barely scratched the surface. Through efficiency programs Michigan can become more energy independent, thus relying less and less on coal imported from other states.

As the members of the committee know, in 2008, Michigan established an Energy Optimization (or Energy Efficiency) Standard. It was part of a comprehensive package of energy bills to start Michigan down a path of cleaner energy. The Energy Efficiency standard requires utilities to help their customers reduce their energy use, and as a result reduce their energy bills. The goal here was to reduce demand for electricity and gas by 1% (as a percentage of retail sales) by 2012.

Energy Efficiency is really the smartest energy policy for Michigan. The Michigan Public Service Commission does say in its Report on the Implementation of the P.A. 295. It provides the cheapest source of baseload power - .03/kwh (Electricity from a new coal plant would cost at least three times this much).¹ It's the fastest kind of energy to deploy. It creates the most jobs per dollar invested. In fact according to a Midwest Energy Efficiency Alliance February 23, 2010 report, "Expanding Michigan's energy efficiency standard can create 7,600 jobs by 2025."²

The reason for the job creation is that energy efficiency services are provided by businesses here in Michigan. Jobs from energy efficiency can include: direct jobs, such as; workers who install energy efficiency measures, manage and administer efficiency programs, and do other work that is billed directly to the project; as well as indirect jobs, such as; workers who produce the materials, equipment, and services that are used on the efficiency program, for example; manufacturing doors and windows or energy-efficient appliances. Therefore, all of the economic activity generated by the energy efficiency programs will stay in Michigan.³

In addition, according to the 2012 Summer Energy Appraisal by the Michigan Public Service Commission (MPSC), DTE consumers were the hardest hit by rising energy costs, with their monthly bills rising from

\$67.81 to \$76.97 representing a 13.5 percent increase over the previous year. This was attributed to, “Costs have risen largely due to transmission expenses and increasing fuel costs as reflected in MISO wholesale market prices.”⁴

Unfortunately there is a road block on this path of Independence and increased prosperity. There are spending limits on how much each utility can collect and spend on energy efficiency. In 2011, the cap was set at 1.5% of a utility’s total retail sales revenue and from 2012 and on, the cap is set at 2%. Both Consumers and DTE meet their goals and spending cap early. What this means is that they cannot invest in more energy efficient measures, even though it’s the cheapest form of new energy. Supporting an increase to the spending cap on energy efficiency, or removing it completely can only benefit the State of Michigan as a whole.

The bottom line is that supporting Public Act 295 of 2008 and calling for a stronger Energy Optimization standard as well as the removal of the spending cap will further continue the success of energy efficiency in Michigan. Establishing these energy efficiency standards is more than a win/win situation. It is a win/win/win situation. The people of the State of Michigan win with lower utility bills and the creation of jobs, the utility companies win with reduced operating costs and the State of Michigan wins with the economic stimulus that is created. This will help us as a collective in the State of Michigan move toward clean and affordable energy created right here at home.

Respectfully submitted,

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1. http://www.michigan.gov/documents/mpsc/implementation_of_PA295_renewable_energy_411615_7.pdf pg.28
2. <http://mwalliance.org/meea-publications/meea-report-expanding-michigans-energy-optimization-standard> pg. 22(note that there are two links at the bottom of the page, one to a 24 page PDF of the report itself and the other to a one-page fact sheet in PDF format).
3. Ibid pg. 20.
4. <http://www.dleg.state.mi.us/mpsc/reports/energy/past/12summer/ea-summer12.pdf> pg. 3.